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265—27.3(16) Application procedure and determination of eligibility.

27.3(1) *Prior approval.* Whether the purchase of a qualified home is by mortgage financing or cash, prior approval of the assistance by the authority is required. Approval of the request will include supporting document review by the authority and a determination of the service member's eligibility by the Iowa department of veterans affairs.

27.3(2) Financed home purchases.

- a. In the case of the purchase of a qualified home that is to be financed, the eligible service member must apply for assistance under the program through a participating or facilitating lender. If the service member qualifies for one of the authority's home buyer mortgage programs, the mortgage financing provided shall be a qualified mortgage. Service members who are not eligible for one of the authority's home buyer mortgage programs and are not purchasing on a cash basis may use any permanent financing available to them.
- *b.* To apply for the military assistance, the eligible service member shall provide the participating or facilitating lender with the status documentation and all necessary program documents.
- c. Once the lender has received all of the information required by this subrule, the lender shall transmit copies of the necessary documentation to the authority.
- **27.3(3)** Cash home purchases. In the case of a cash purchase of a qualified home, the eligible service member shall provide directly to the authority status documentation, the purchase agreement with any addenda or attachments for a primary residence, and a title guaranty commitment.
- **27.3(4)** Referral of status documentation to Iowa department of veterans affairs. The authority shall submit the status documentation, upon receipt, to the Iowa department of veterans affairs for verification that the applicant is an eligible service member. The Iowa department of veterans affairs shall be the final authority as to whether an applicant is an eligible service member.
- **27.3(5)** *Notice of MHOA approval.* Upon confirmation of the applicant's eligibility by the Iowa department of veterans affairs and the authority, the authority shall notify the lender, or eligible service member in the case of a cash purchase, that the MHOA application has been approved.
- **27.3(6)** *Gaps in funding.* In cases where the military assistance funds are unavailable during the home purchase process, MHOA requests for approval may be placed on a waiting list. When funds are again available and the home purchase closed without the benefit of military assistance funds being applied toward closing costs or down payment, the proceeds of the assistance shall be paid (1) directly to the participating lender or servicing lender to be applied toward the qualified mortgage loan's principal balance, or (2) if the qualified home was purchased pursuant to a cash purchase transaction, directly to the eligible service member. The authority will notify the applicant that the assistance will be applied to the principal balance.
- **27.3(7)** Approval process for facilitating lender status. Pursuant to Iowa Code section 16.54(5), an Iowa-regulated or federally regulated lender with a physical location in the state of Iowa may submit an application to the authority for approval, even if such lender does not participate in the authority's home ownership programs for home buyers. The approval to be a facilitating lender shall be valid for one year, and lenders annually will need to submit an application, including the application fee. The application fee may not be charged in part or in full to a service member or to a property seller.

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